INVESTMENT POLICY STATEMENT

CITY OF TORRANCE
DEFERRED COMPENSATION PLANS

April 2010

Overview

This statement establishes the policies and objectives for the City of Torrance 457 Plan A; 401(a); and 457 Plan B Deferred Compensation Plans (collectively referred to as the "Plan"). It outlines and prescribes a prudent and acceptable investment philosophy and sets out the investment management procedures that are designed to assist the Plan fiduciary, City of Torrance (the "City") and the Deferred Compensation Plan Committee (the "Committee") appointed by the City Council in the discharge of the fiduciary duties imposed by them under the State of California Constitution, Government Code, and where the California legal provisions are not developed follow the fiduciary duties imposed by Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This statement is not intended to and shall not be deemed to expand the fiduciary duties of the City or the Committee or to create duties that do not exist under the State of California Constitution, Government code and/or ERISA.

Purpose

The purpose of this Investment Policy Statement ("IPS") is to establish a set of non-binding guidelines for the prudent investment decision-making process and to provide a basis for evaluating investment performance on a periodic basis by the Committee. These guidelines do not constitute a contract or a statement of mandatory requirements, but are only an explanation of the general principles and guidelines currently being applied for investment option selection and retention. Furthermore, these guidelines are not the only factors that may be considered.

The goal of the Plan is to provide a framework for participants to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, the Committee will endeavor to provide a broad range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance and retirement goals.

Roles and Responsibilities

The following parties associated with the Plan shall discharge their respective responsibilities in accordance with all applicable fiduciary standards of Article XVI, §17 of the California Constitution, Government Code section 53213.5 and Section 404(a) of ERISA as follows: (1) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; (3) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of the State of California Constitution, Government Code and ERISA.

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A. Deferred Compensation Plan Committee: The members of the Committee have been appointed by the City Council to act as the "Named Fiduciary." The Committee, as the primary investment fiduciary, is responsible for investment and management of Plan Assets, and the selection of services related to those functions. The Committee shall be responsible for the Plan level investment selection process, as set forth in this IPS, but is not responsible for the individual fund performance and does not guarantee positive investment results.

B. Investment Consultant: The Investment Consultant is an investment co-fiduciary of the Plan charged with the responsibility of advising the Committee on investment policy, advising on the selection of investment managers, providing performance analysis and monitoring services. The Investment Consultant shall provide assistance to the Committee for the Plan level investment selection process, as set forth in this IPS, but is not responsible for the individual fund performance and does not guarantee investment results.

Investment Choices / Asset Class Guidelines

The Committee will endeavor to offer investment options for each of the selected asset classes as set forth in Appendix A, unless under the circumstances it is determined not prudent to do so. The Committee recognizes that options chosen for a specific asset class may experience investment style drift from time to time and will address these variations as needed. These options shall be sufficient to provide participants and beneficiaries with a reasonable opportunity to:

a) materially affect the potential return on amounts in their accounts with respect to which they are permitted to exercise control and the degree of risk to which such amounts are subject;

b) choose from a minimum of three core investment alternatives, (i) each of which is diversified; (ii) each of which has materially different risk and return characteristics; (iii) which in the aggregate enable participants and beneficiaries to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for participants and beneficiaries; and (iv) each of which when combined with investments in the other alternatives tends to minimize through diversification the overall risk of a participant's or beneficiary's portfolio;

c) exercise control over their accounts in order to diversify their investments ~~of the accounts of participants and beneficiaries~~ so as to minimize the risk of large losses~~, taking into account the nature of the Plan and the size of participants' or beneficiaries' accounts~~.

All investment choices will be publicly available mutual funds, collective investment trusts, separate accounts or similar vehicles. All investments being offered will fluctuate in value with market conditions and, when redeemed, may be worth more or less than the amount originally invested. Each of the chosen investment options is designed to follow a specific stated investment objective as outlined in Appendix A.

Performance Measurement Standards

The Committee shall evaluate all Plan investments against appropriate peer groups and index benchmarks the performance measurement standards outlined in Appendix B. The Committee intends to use independent discretion and judgment in determining whether any investments are prudent and suitable for the Plan and its participants and beneficiaries, and while the evaluation criteria outlined in Appendix B are intended for guidance, they are not determinative.

Each Plan investment option will be reviewed periodically using the following quantitative and qualitative criteria:

Quantitative Criteria

Quantitative factors used in monitoring the Plan's investment options may include, but are not limited to the following:

- Relative performance
- Risk-adjusted efficiency ratios
- Up/Down capture
- Style consistency
- Fund expenses

Each investment option shall be evaluated and compared to a widely accepted industry benchmark and a relevant peer group. Any investment option that is passively managed shall be evaluated and compared to its respective benchmark for tracking error and expenses. Any investment option lacking a 3 year performance record will not be evaluated.

Qualitative Criteria

In addition to the above quantitative criteria, qualitative factors as outlined in Appendix B may be monitored to determine the potential exposure to risk that may make an investment option unsuitable as a retirement plan investment option.

The Committee shall have the authority to establish, modify, amend or adjust acceptable performance measurement standards by which each investment option is to be evaluated.

Investment Option Removal Procedure

The Committee shall maintain a "Watch List" for investment options that are not meeting the qualitative and quantitative criteria outlined in Appendix B. An investment option will be placed on the "Watch List" when the Committee determines that the option selected for the Plan fails to meet the criteria set forth in the performance measurement standards for a period of time to be determined by the Committee. The Committee may also remove an investment option for any reason it deems necessary.

Final selection, replacement and/or removal of an investment option from the line-up shall be completed only after conducting a thorough review of the identified investment option. In the event of a fund replacement, the Asset Allocation Models will be changed accordingly.

If the Committee decides that an investment option should be eliminated and replaced with an appropriate alternative option, the following principles are among those that may be applied:

- The costs and fees of replacing an investment option should be identified and evaluated.
- Deleting an investment option or replacing it will not involve a prohibited transaction (e.g., there will be no conflicts of interest).

Should an investment option replacement or elimination be necessary, the Committee intends to satisfy the requirements for a qualified change as defined in ERISA Section 404(c)(4) by mapping the assets from the option replaced or eliminated to an alternative with reasonably similar characteristics, when available, and by mapping only the accounts of those participants who do not provide instructions contrary to the mapping instructions before the effective date.

Should there be a blackout period, as defined in ERISA Section 101(i)(7)(A), resulting from the replacement or elimination of an option, a provider (vendor) change, or for any other reason, the Committee intends to satisfy the requirements for authorizing and implementing such blackout period in order to qualify for the relief from fiduciary liability provided under ERISA Section 404(c)(1)(B).

Committee Review of Investment Performance Reports

Upon receipt of the Report by the Committee, copies will be provided to each of the Committee members to review and comment. The Committee will meet on a regular basis to discuss the Report.

Monitoring Plan Administrative Fees

Costs of recordkeeping Plan investments and (where applicable) the proper use of investment-generated fees (and related revenue) to offset Plan recordkeeping costs, will be reviewed on a periodic basis.

The fiduciaries of the Plan shall monitor the fees charged to the Plan and the participants, in accordance with all applicable fiduciary standards. This accounting and monitoring of fees shall be done at least annually, and will generally commence with a request for all fee disclosure from the retirement plan vendor. Disclosures provided will be reviewed and benchmarked by the Committee. A third party consultant may provide assistance with the fee disclosure review and benchmarking process. If such disclosure cannot be obtained from the vendor, the Committee may request that a third party consultant research and provide the most accurate disclosure of fees, benchmarked against other vendors for same services.

In the event fees are determined to be above average or not deemed reasonable for the services provided, the Committee shall attempt to negotiate with the Plan’s current service provider or evaluate alternate vendors.

Monitoring of Participant Investment Behavior

The Committee will analyze the use of the investment options by the Participants at least annually. Based on their findings, the Committee will determine what, if any, changes to the Plan’s investments or services is appropriate.

Review and Revisions

The Committee reserves the right to amend the IPS at any time. Ordinarily, it is expected that the IPS will be amended to reflect such changes; however, formal amendment is not required.

APPENDIX A

Following is a list of the asset classes, investment options, and indices that are currently represented in the Plan.

Asset Class	Index
Stable Value	***Index*** 3 Year Constant Maturity Treasury and Short Term Bond Category Peer Group
Inflation Protected Bond	***Index*** Barclays United States TIPS Index and Inflation Protected Bond Category Peer Group
Intermediate Government Bond	***Index*** Lehman Brothers Intermediate Government Bond Index and Intermediate Government Bond Category Peer Group
Intermediate Bond	***Index*** Barclays Aggregate Bond Index and Intermediate Term Bond Category Peer Group
High Yield Bond	***Index*** Merrill Lynch United States High Yield Master and High Yield Bond Category Peer Group
Balanced (Hybrid)	***Index*** 40% LB Aggregate / 60% Russ 1000 Value Index and Moderate Allocation Category Peer Group
Large Cap Value	***Index*** Russell 1000 Value Index and Large Cap Value Category Peer Group
Large Cap Blend	***Index*** Standard & Poor’s 500 Index and Large Cap Blend Category Peer Group
Large Cap Growth	***Index*** Russell 1000 Growth Index and Large Cap Growth Category Peer Group
Mid Cap Value	***Index*** Russell Mid Cap Value Index and Mid Cap Value Category Peer Group
Mid Cap Blend	***Index*** S&P Mid Cap 400 Index and Mid Cap Blend Category Peer Group
Mid Cap Growth	***Index*** Russell Mid Cap Growth Index and Mid Cap Growth Category Peer Group
Small Cap Value	***Index*** Russell 2000 Value Index and Small Cap Value Category Peer Group

<u>Small Cap Blend</u>	***<u>Index</u>*** Russell 2000 Index and Small Cap Blend Category Peer Group
<u>Small Cap Growth</u>	***<u>Index</u>*** Russell 2000 Growth Index and Small Cap Growth Category Peer Group
<u>Global</u>	***<u>Index</u>*** MSCI World and World Stock Category Peer Group
<u>International</u>	***<u>Index</u>*** MSCI EAFE Index and Foreign Large Cap Category Peer Group
<u>Healthcare</u>	***<u>Index</u>*** Specialty – Healthcare Category Index and Peer Group
<u>Real Estate</u>	***<u>Index</u>*** Dow Jones Wilshire REIT Index and Specialty – Real Estate Category Peer Group
<u>Technology</u>	***<u>Index</u>*** Specialty – Technology Category Index and Peer Group.
<u>Utilities</u>	***<u>Index</u>*** Specialty – Utilities Category Index and Peer Group
<u>Lifecycle Funds</u>	***<u>Index</u>*** Target Date 2000-2014, 2015-2029, and 2030+ Category Index and Peer Group

APPENDIX B

Investment Option Evaluation Methodology

Quantitative Criteria

1. Historical returns (3, 5 and 10 year) – Total returns are evaluated over different periods of time to analyze performance over various business cycles. .

2. Monthly rollover average returns (10 years) – Returns shall be evaluated over a rolling monthly period to determine how consistently the fund manager out-performed his peers in a variety of market cycles.

3. Sharpe Ratio (3, 5 and 10 year) – Sharpe Ratio shall be evaluated to determine the funds overall efficiency. The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free Treasury Bill by the standard deviation for that same time frame.

4. Up Capture Ratio (3, 5 and 10 year) – The percentage of an index return captured during up market cycles, referred to as Up Capture Ratio, shall be evaluated.

5. Down Capture Ratio (3, 5 and 10 year) – The percentage of an index return captured during down market cycles, referred to as Down Capture Ratio, shall be evaluated.

6. Style Consistency to the benchmark – The use of three equally-weighted analyses ensures that the funds selected for the plan continue to operate and perform as expected within their appropriate asset class.

   Equity funds: R^2, style dispersion and style consistency
   Bond funds: R^2, average credit quality and duration

7. Expense Ratio – The expense ratio shall be compared as a percentage to the appropriate category average.

A fund's overall ranking score shall be used as an initial indication as to whether a fund is outperforming, performing or underperforming its respective benchmarks An overall ranking score between 0.00% (the highest obtainable score) and 25.00% shall indicate a fund as "Outperform". A score between 25.01%-50.00% shall indicate a fund as "Perform". A score between 50.01% and 100.00% (the lowest obtainable score) shall indicate a fund as "Underperform."

Qualitative Criteria

In addition to the above quantitative criteria, many additional qualitative factors will be monitored to determine the potential exposure to risk that may make a fund unsuitable as a retirement plan investment option. The additional factors to be monitored include, but are not limited to, the following:

- Change in fund philosophy
- Change in fund manager
- Individual holding concentrations
- Economic sector concentrations
- Performance volatility as measured by standard deviation
- Portfolio turnover
- Manager tenure
- Asset base
- Average market capitalization

INDEX DEFINITIONS:

- *Three-Month Treasury Bill.* Three-month T-bills are government backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

- *Category: Money Market.* This benchmark measures the average performance of funds that seek income by diversifying their assets among short-term debt instruments that mature in less than one year and are very liquid. Treasury Bills make up the bulk of money market instruments.

- *Category: Stable Value*. This benchmark measures the average performance of stable value funds maintaining book value accounting on a pool of fixed income securities. Funds in this category purchase wrap contracts in order to avoid the negative impact of selling fixed-income securities at a discount in order to meet redemptions. Stable value funds typically have an average duration of three years and an average credit quality of AA or better.

- *Category: Short Term Bond*. Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of one to 3.5 years (or, if duration is unavailable, average effective maturities of one to four years). These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations.

- *Barclays United States TIPS Index.* This index consists of Inflation-Protection securities issued by the United States Treasury. The holdings have at least one year to final maturity, are fixed rate, and are at least investment grade.

- *Category: Inflation Protected Bond*. Inflation Protected Bond portfolios invest in fixed income securities that increase coupon and/or principal payments at the rate of inflation. Any organization may issue these securities but the United States treasury is currently the largest issuer.

- *Barclays Intermediate Government Bond Index.* Composed of those indexes found in the Barclays Government Index which have a maturity of one to three years. The returns for the index are total returns, which include reinvestment of dividends.

- *Category Intermediate Government.* This category is comprised of portfolios that have at least 90% of their bond holdings in bonds backed by the US government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the US government is unlikely to default on its debt. These portfolios have durations between 3.5 and six years (or, if duration is unavailable, average maturities between four and 10 years). Consequently, the group's performance, and its level of volatility, tends to fall between that of the short government and long government bond categories.

- *Barclays Aggregate Index*. Composed of the Barclays Government/Corporate Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns for the index are total returns, which include reinvestment of dividends.

- *Category: Intermediate-Term Bond.* This benchmark measures the average performance of funds that invest primarily in corporate and other investment-grade US fixed-income issues and have durations of 3.5 to 6 years (or, if duration is unavailable, average effective maturities of 4 to 10 years).

- *Merrill Lynch High Yield Master.* The Merrill Lynch High Yield Master measures performance of a broad-based group of non-investment grade US domestic market issues rated below investment grade but not in default

- *Category: High Yield Bond.* This benchmark measures the performance of funds that fall within the high yield category, which includes any fund with a majority of assets in BB-rated bonds or lower.

- *Category: Moderate Allocation.* This benchmark measures the average performance of funds that seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash.

- *Russell 1000 Value Index*. Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

- *Category: Large Cap Value.* This benchmark measures the average performance of funds that invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the US equity market are defined as large-cap. Value is defined based on low valuations and slow growth.

- *Standard & Poor's 500 Index*. The S&P 500 Index consists of 500 widely held common stocks, consisting of four broad sectors (industrials, utilities, financial, and transportation). It is a market-value weighted index (stock price times shares outstanding), with each stock affecting the index in proportion to its market value. This index, calculated by Standard & Poor's, is a total return index with dividends reinvested.

- *Category: Large Cap Blend.* This benchmark measures the average performance of funds that are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries.

- *Russell 1000 Growth Index*. Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable U.S. equity market.

- *Category: Large Cap Growth.* This benchmark measures the average performance of funds that invest in big US companies that are projected to grow faster than other large cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large-cap. Growth is defined based on fast growth and high valuations. Most of these portfolios focus on companies in rapidly expanding industries.

- *Russell Mid Cap Value Index*. Market-weighted total return index that measures the performance of companies within the Russell Mid Cap Index having lower price-to-book ratios and lower forecasted growth values. The Russell Mid Cap Index includes firms 201 through 1000, based on market capitalizations, from the Russell 3000 Index. The Russell 3000 Index represents 98% of the of the investable U.S. equity market.

- *Category: Mid Cap Value.* This benchmark measures the average performance of funds that focus on medium-size companies. They look for U.S. stocks that are less expensive or growing more slowly than the market. The U.S. mid-cap range for market capitalization typically falls between $1 billion - $8 billion and represents 20% of the total capitalization of the U.S. equity market.

- *Standard & Poor's Mid Cap 400 Index.* This index consists of approximately 10% of the capitalization of United States equity securities and is comprised of stocks in the middle of the capitalization range. At the original screening stocks were between $200 million and $5 billion. Any mid cap stocks already included in the S&P 500 are excluded from this index.

- *Category: Mid Cap Blend.* The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks, but aren't so price-conscious that they land in value territory. The U.S. mid-cap range for market capitalization typically falls between $1 billion-$8 billion and represents 20% of the total capitalization of the U.S. equity market. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

- *Russell Mid Cap Growth Index*. Market-weighted total return index that measures the performance of companies within the Russell Mid Cap Index having higher price-to-book ratios and higher forecasted growth values. The Russell Mid Cap Index includes firms 201 through 1000, based on market capitalizations, from the Russell 3000 Index. The Russell 3000 Index represents 98% of the of the investable U.S. equity market.

- *Category: Mid Cap Growth.* This benchmark measures the average performance of funds that focus on medium-size companies. They look for U.S. stocks that are projected to grow faster than other mid-cap stocks, therefore commanding higher prices. The US mid-cap range for market capitalization typically falls between $1 billion - $8 billion and represents 20% of the total capitalization of the U.S. equity market.

- *Russell 2000 Value Index***.** Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable U.S. equity market.

- *Category: Small Cap Value.* This benchmark measures the average performance of funds that invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap.

- *Russell 2000 Index.* Market-weighted total return index that measures the performance of the smallest 2000 companies in the Russell 3000 index, which represents approximately 7% of the Russell 3000 total market capitalization.

- *Category: Small Cap Blend.* This benchmark measures the average performance of funds that favor U.S. firms at the smaller end of the market-capitalization range. Some of the funds measured aim to own an array of value and growth stocks, while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap.

- *Russell 2000 Growth Index*. Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable U.S. equity market.

- *Category: Small Cap Growth.* This benchmark measures the average performance of funds that focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap.

- *MSCI World Index*. A capitalization-weighted index of stocks from Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Columbia, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, USA, and Venezuela. Includes all 23 MSCI developed market countries. Indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies.

- *Category: World Stock.* This category is comprised of portfolios that have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20% - 60% of assets in U.S. stocks.

- *MSCI EAFE Index*. This index is listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. The returns published for the index are total returns, which include reinvestment of dividends.

- *Category: Foreign Large Cap Equity.* This benchmark measures the average performance of funds that invest in a variety of international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe and Asia ex-Japan). The category is weighted as follows:

  - *60% Blend:* The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

  - *20% Value:* Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

  - *20% Growth:* Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

- *Category: Specialty Healthcare.* This category consists of offerings focusing on the medical and healthcare industries. Most invest in a range of companies, buying everything from pharmaceutical and medical device makers to HMOs, nursing homes.

- *Dow Jones Wilshire REIT.* This index is intended to be a broad measure of the performance of publicly traded real estate equity. The index is market-capitalization weighted of Real Estate Investment Trusts, Operating Companies, and partnerships.

- *Category: Specialty Real Estate*. This category is comprised of offerings that seek capital appreciation from real-estate-related equity securities as their primary objective.

- *Category: Specialty Technology*. This category is comprised of offerings that seek capital appreciation by investing primarily in equity securities of companies engaged in the development, distribution, or servicing of technology-related equipment or processes.

- *Category: Specialty Utilities*. This category is comprised of offerings that seek capital appreciation by investing in equity securities of public utilities including electric, gas, and telephone-service providers. Includes funds that invest primarily in global communications.

- *Category: Target Date 2000-2014, 2015-2029, 2030+.* Target date portfolios provide diversified exposure to stocks, bonds and cash for investors with a specific time horizon for retirement. These portfolios aim to provide the investor with the optimal level of return and risk, based solely on the target date. As the target date approaches, these portfolios get more conservative by investing more in bonds and cash.